

BEFORE THE TENNESSEE REGULATORY AUTHORITY AT

NASHVILLE, TENNESSEE

October 10, 2000

IN RE:

**PETITION OF CONDO VILLAS OF
GATLINBURG ASSOCIATION, INC. TO
ACQUIRE CERTAIN ASSETS OF
FOOTHILLS PROPERTIES, INC.**

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DOCKET NO. 00-00046

ORDER APPROVING TRANSFER OF AUTHORITY

This matter came before the Tennessee Regulatory Authority (the "Authority") on the Petition (the "Petition") of Condo Villas of Gatlinburg Association, Inc. ("Condo Villas"), pursuant to the provisions of Tenn. Code Ann. § 65-4-113, for approval of a transfer of authority to provide utility services. This transfer results from the purchase by Condo Villas from Foothills Properties, Inc. ("Foothills") of the right to provide water services to certain Foothills customers.

Requirement of and Standards for Authority Approval

Tenn. Code Ann. § 65-4-113 requires a public utility to obtain Authority approval to transfer its authority to provide utility services. Tenn. Code Ann. § 65-4-113 provides as follows:

(a) No public utility, as defined in § 65-4-101, shall transfer all or any part of its authority to provide utility services, derived from its certificate of public convenience and necessity issued by the authority, to any individual, partnership, corporation or other entity without first obtaining the approval of the authority.

Tenn. Code Ann. § 65-4-113 also provides the standards by which the Authority shall consider an application for transfer of authority, as follows:

(b) Upon petition for approval of the transfer of authority to provide utility services, the authority shall take into consideration all relevant factors, including, but not limited to, the suitability, the financial responsibility, and capability of the

proposed transferee to perform efficiently the utility services to be transferred and the benefit to the consuming public to be gained from the transfer. . . .

The Petition

As stated in the Petition, Condo Villas is a corporation organized under the laws of Tennessee, with its principal office in Gatlinburg, Tennessee. Foothills is a corporation organized under the laws of Tennessee, with its principal office in Pigeon Forge, Tennessee. By an Order dated February 28, 1992, the Tennessee Public Service Commission, in Commission Docket No. 90-02584, granted Foothills a certificate of public convenience and necessity to provide water service in Sevier County, Tennessee.

The Petition further states that, pursuant to an Asset Purchase Agreement (the “Agreement”) executed on December 18, 1999, a copy of which is attached to the Petition as Exhibit A, Condo Villas agreed to purchase from Foothills the right to provide water services to certain Foothills customers and to receive payments for such services, as well as the right to the rights-of-way of such customers and the rights to certain physical properties of Foothills. The Petition states that, upon approval of the transfer by the Authority, Condo Villas will provide the affected customers with notice of the transfer, a copy of which notice is attached to the Petition as Exhibit B.

The Petition states that Condo Villas possesses the financial, technical, and managerial qualifications to provide service as approved by the Authority. As further stated in the Petition, the proposed transfer of authority from Foothills to Condo Villas will benefit the customers currently receiving service from Foothills because these customers will continue to receive quality water and service at affordable rates without interruption. The Petition further states that after the proposed transfer the utility system will continue to be operated by the same personnel. Thus, according to the Petition, the approval of the transfer of authority will serve the public interest.


Findings

The Directors of the Authority considered this matter at a regularly scheduled Authority Conference held on August 29, 2000. Based upon careful consideration of the Petition and the Exhibits thereto, and of the entire record of this matter, the Authority finds and concludes as follows:

1. That the Authority has jurisdiction over the subject matter of this Petition pursuant to Tenn. Code Ann. § 65-4-113;
2. That Foothills has been granted authority to provide water service in Tennessee;
3. That under the Agreement the authority granted Foothills will be transferred to Condo Villas;
4. That Condo Villas has the suitability, financial responsibility, and capability to perform efficiently the utility service to be transferred to it; and
5. That the transfer of authority will benefit the consuming public.

IT IS THEREFORE ORDERED THAT:


1. The Petition of Condo Villas of Gatlinburg Association, Inc. for approval of the transfer of authority described herein is granted; and
2. Any party aggrieved by the Authority's decision in this matter may file a Petition for Reconsideration with the Authority within fifteen (15) days from and after the date of this Order.


Sara Kyle, Chairman


H. Lynn Greer, Jr., Director


Melvin J. Malone, Director

ATTEST:


K. David Waddell, Executive Secretary